

Message Text

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ACTION EA-10

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FM AMCONSUL HONG KONG
TO SECSTATE WASHDC 3847

C O N F I D E N T I A L HONG KONG 1730

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FOR ASSISTANT SECRETARY HABIB FROM CROSS

E.O. 11652: GDS
TAGS: ETRD HK US
SUBJ: GSP - PUBLICATION OF A LIST

REF: A) HK 1253; (B) HK 1326; (C) STATE 35259

SUMMARY: REFTEL C SAYS EXECUTIVE ORDER EXPECTED TO BE
SIGNED NEXT WEEK AND MAY GET SOME PUBLICITY. ACTION
REQUESTED: POST URGENTLY REQUIRES GUIDANCE FOR
RESPONDING TO BOTH PRESS AND HKG ENQUIRIES THAT WILL
BE GENERATED BY PUBLICATION OF THE LIST; ADDITIONALLY,
WOULD APPRECIATE SUGGESTIONS AS TO BEST TIMING FOR
WASHINGTON VISIT OF DIRECTOR OF COMMERCE AND INDUSTRY
TO ARGUE HONG KONG CASE. END SUMMARY

1. DC& I OFFICIAL HAVE DISCUSSED DEMARCHE DESCRIBED
IN REFTEL C WITH US. WHILE EXPRESSING APPRECIATION
FOR HELPFUL ATTITUDE OF EDMOND AND STR OFFICIAL, THEY
SAID THEY ARE PUZZLED TO SEE HK ON B LIST WHICH SEEMS
TO CONSIST OF OPEC MEMBERS PLUS REGIMES, E.G. GREECE
AND TURKEY, WITH WHICH THE US HAS POLITICAL DIFFI-
CULTIES. (N.B. : AS WE REPORTED IN HK 681; THE HKG
HAS A SERIOUS IMAGE PROBLEM; THE FACT THAT WE LUMP THEM
WITH A BUNCH OF BAD HATS WILL, IF ANYTHING, AGGRAVATE
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THIS PROBLEM.) THE GOVERNOR HAS EXPRESSED INTENSE PER-

SONAL CONCERN WITH IN THE HKG BUREAUCRACY AND INTENDS TO SEND DAVID JORDAN, THE DIRECTOR OF COMMERCE & INDUSTRY TO WASHINGTON TO ARGUE HK'S CASE WITH APPROPRIATE OFFICIALS. IT WOULD BE HELPFUL IF WE COULD SUGGEST THE MOST EFFECTIVE TIME-FRAME FOR SUCH A VISIT AS WELL AS WHOM HE SHOULD SEE.

2. OF MORE IMMEDIATE CONCERN TO ME IS THE IMPENDING PUBLICATION OF THE EXECUTIVE ORDER AND ITS REPRECUSIONS HERE. THE FACT THAT HK IS NOT RECEIVING TREATMENT EQUAL TO THAT ACCORDED TO SINGAPORE, KOREA, AND TAIWAN WILL INEVITABLY RECEIVE WIDE ATTENTION IN THE PRESS. SIMILARLY , THE FACT THAT LACK OF ACCESS TO THE GSP WILL DAMPEN THE PROSPECTS FOR FOREIGN INDUSTRIAL INVESTMENT IN NEW PRODUCT LINES WILL BE NOTICED (DC&I TELLS US THAT PROSPECTIVE INVESTORS HAVE BEEN QUERING THE HKG RATHER SHARPLY ON THIS POINT). FINALLY, THE EXCELLENT RESPONSE WE HAVE RECEIVED SO FAR FOR THE AMERICAN FORT-NIGHT--- EXPECTED TO GENERATE A SIGNIFICANT INCREASE IN US EXPORTS TO HK -- COULD DRY UP OVERNIGHT AND I AM CERTAIN THAT AN "AMERICAN FLOPNIGHT" WOULD DAMAGE THE PRESTIGE OF THE USG AND LEAD TO BITTER RECRIMINATIONS FOR A LONG TIME TO COME.

3. I WOULD HOPE THAT THE DEPARTMENT'S GUIDANCE CONTAINED A SOUND ECONOMIC RATIONALE FOR WITHHOLDING GSP HERE WHILE ACCORDING IT TO SINGAPORE. A POLITICAL RATIONALE ATTRIBUTING THIS TO ORGANIZED LABOR WILL NOT WASH. TO THIS DAY, INFORMED LOCAL NOTABLES HAVE BLAMED THE NIXON ADMINISTRATION FOR BOWING TO THE US TEXTILE LOBBY IN IMPOSING THE 1971 TEXTILE AGREEMENT. I WOULD ALSO HOPE THAT GUIDANCE WILL PERMIT THE CONGEN TO ADOPT A STANCE THAT CAN BE PERCEIVED AS SYMPATHETIC TO HK'S AIMS IN THIS CASE. OBVIOUSLY, THE CONGEN CANNOT DISASSOCIATE ITSELF FROM THE USG POSITION, BUT NUANCES SHOULD BE PERMITTED. I HAVE NO QUARREL WITH TAKING FLAK WHEN A GENUINE US INTEREST IS BEING SERVED, BUT I AM UNABLE TO SEE WHAT SUCH AN INTEREST MIGHT BE IN THIS CASE.

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